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C O N F I D E N T I A L SECTION 01 OF 03 BEIRUT 000639

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SUBJECT: LEBANON: HIZBALLAH CONCILIATORY, EXCEPT TO U.S.,
AND AOUN SILENT

Classified By: Classified by Ambassador Michele J. Sison for reasons 1.
4 (b) and (d)

SUMMARY

11. (C) Lebanese interlocutors and international observers expressed general praise for the conduct of the elections and hope for more electoral reform. Hizballah's SYG Hassan Nasrallah, in a post election speech on June 8, congratulated "the winners," but cautioned that while they hold the majority, they now have the "responsibility" of serving and representing the people. Speaker Nabih Berri called for commitment to the Ta'if Accords and forming a new electoral law based on proportional representation. March 14 leader Saad Hariri predicted in his victory speech a "long road ahead," with "regional and domestic dangers still real." While Michel Aoun and his allies captured an estimated 20 seats, more than in the 2005 election, several of his March 14 opponents claimed that Aoun won about 50 percent of Lebanon's Christian vote, a sharp drop from 2005. Aoun's camp has been conspicuously absent in commenting on the election results.

12. (C) International observers from the National Democratic Institute (NDI), the Carter Center, the EU and Arab League commended the Lebanese and electoral authorities on the successful one-day execution of the election and the voter registration process. Most noted the need for continued electoral reform, to include pre-printed ballots, lowering the voting age to 18, establishing a method for better campaign finance controls, and the inclusion of more women candidates. The Carter Center noted shortfalls in standards regarding civil and political rights, including secrecy of the ballot and equal suffrage. President Jimmy Carter, said the elections fell short in some ways of "acceptable international standards," and he mentioned he was personally against the use of political party money used to bring expatriates back to Lebanon to vote. Market reaction to the elections also was positive. End summary

NO TIME TO GLOAT

13. (C) Lebanese interlocutors, the media and international observer organizations expressed general satisfaction with

the election from an operational standpoint, with much praise going to Interior Minister Ziad Baroud for his organization and execution of the elections. Immediate reactions were one of surprise at the strong showing of March 14 candidates, yet there was no (public) gloating by the winning March 14 coalition, which retained its majority in parliament. Saad Hariri, in an early morning June 8 victory rally, said the elections had "no winner or loser," because democracy and Lebanon had won. Hariri said the "road was still hard and long, and regional and domestic dangers are real." He asked supporters from his Future party and March 14 to show "self-restraint." PM Fouad Siniora, a first time candidate and winner in Sidon, in a June 7 interview with LBC television, said "victory is for the Lebanese... and for building the state." To his opponent, Siniora said "I extend my hand to all parties in Sidon and our brother Osama Saad." Speaker Nabih Berri, who won reelection to his seat, called for commitment to the Ta'if Accords and forming a new electoral law based on proportional representation.

NASRALLAH: CONCILIATORY BUT
QUICK TO LAY DOWN CHALLENGES

14. (C) Hizballah SYG Hassan Nasrallah also was conciliatory in a June 8 televised speech. He congratulated the Lebanese people and also praised the Lebanese Armed Forces (LAF) and Internal Security Forces (ISF) for granting the people "the opportunity to vote" in one day. Nasrallah acknowledged the continued parliamentary majority of the "winners," but stressed the fact they now hold the "responsibility" of serving and representing the people. He made one jibe at the

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winning coalition in his speech, stating it remained to be proved whether the elected majority actually possess the "popular majority."

15. (C) Several interlocutors commented on Nasrallah's calm demeanor, in contrast to the more fiery speeches he made in the days before the vote, and his clear acceptance of the results. Former PM Najib Makati stated to senior political LES that Nasrallah was in a bad position due to Aoun's weaker showing with Christians at the polls. He noted that Nasrallah "knows" Aoun's losses occurred within the Christian ranks and so was compelled to be more conciliatory. March 14 Druse Minister Wael Abu Faour told Embassy staff he believed Nasrallah was feeling the "heat" due to Michel Aoun losing Christian votes Aoun had expected to win, and that Aoun's disappointing showing will force Nasrallah to adopt a more moderate position for now.

16. (SBU) In contrast to Nasrallah's conciliatory tone, Hizballah issued a statement on June 9 saying it "strongly condemns the United States' continued rude and flagrant interference in Lebanese internal affairs, especially the statements that were made recently by its officials on the results of the parliamentary elections and their efforts to impose their classifications and to dictate their conclusions on the Lebanese."

17. (C) March 14 SYG Fares Souaid, who did not win a seat in the Aoun stronghold district of Jbeil, told Embassy staff that Nasrallah must work to contain the reality of the March 8 loss, especially among Christian voters. Souaid was pleased with the strong Christian support for March 14, claiming coalition candidates received 53% of the Christian vote.

AOUN: QUIET

18. (C) Free Patriotic Movement leader Michel Aoun has been noticeably absent from the media after the elections. He made one appearance on television June 7 after the polls closed noting his party was compiling a list of voting

infractions and campaign law violations. Marada Party leader Suleman Franjiyeh, a former minister and Aoun ally, told the press June 8 that he believed Aoun had won a victory in that Aoun maintained a majority in the Christian districts of Kesrwan, Metn, and Zgharta despite a "war waged against him."

Telecommunications Minister Gebran Bassil, Aoun's son-in-law, who lost his campaign for parliament, stated in the press that voters had been "duped" by warnings from Christian supporters of March 14 that a Hizballah-led government would impose an Islamist regime. (Note: Aoun's alliance won an estimated 20 seats, better than in the 2005 elections, when it won 15. However, where he prevailed, the margins of victory were much smaller than in 2005. End note).

OBSERVERS PLEASED
BUT WORK TO BE DONE

19. (C) Four international observer groups presented their preliminary reports on the afternoon of June 8. Regional director Leslie Campbell and former Senator John Sununu presented NDI's comments on the elections, stating NDI's pleasure that the elections took place without serious incidents of violence or polling place disturbances. Along with NDI, former President Jimmy Carter of the Carter Center and EU election observer mission chief Jose Salafranca noted the progress Lebanon had made in electoral reform, as noted by its ability to pull off the one-day election, and the generally acceptable registration process. Former Yemeni PM Al Eryani of the Carter Center said the elections were a "model" for the other Arab nations.

10 (C) All observer groups noted shortcomings. Carter noted foremost the lack of adequate "ballot secrecy." All observer groups advised a pre-printed ballot was necessary for better accountability and secrecy. The Carter Center stated

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Lebanon's electoral system falls "short of international standards regarding civil and political rights." NDI mentioned the ability of party supporters to enter into some polling stations and also hand out literature outside the stations. President Carter spoke of the current electoral law against foreign funding. He said it was difficult to prove the allegations of illegal funding and vote buying but the problem needed to be addressed. Carter mentioned he was personally against the use of political party money to bring expatriates back to Lebanon to vote. Mohammad El-Khamlishi, head of the Arab League Observing Mission commented positively on Lebanese "freedom" to vote, good election process management, and the high turnout (54%). Lack of facilities for the handicapped and overcrowding were El-Khamlishi's main negative observations.

IS THE MARKET A
LEADING INDICATOR?

11. (U) On June 9, the Beirut Stock Exchange (BSE) saw increased trading activity of the shares of leading real estate and investment company Solidere and bank shares June 9 compared to June 8 and the weeks prior to the election. President of the BSE, Dr. Fadi Khalaf told econ staff that having the elections take place peacefully reflected positively on the BSE trading floor. Additionally, there were positive post-election trends in demand for Lebanese currency and debt. Dr. Youssef Khalil Chief of the Central Bank operations noted to econ staff that the positive reactions of Saad Hariri and Druse leader Walid Jumblatt to Nasrallah's June 8 speech played a role in bringing short term confidence to the market. Salim Zeeni, Head of the Beirut American Chamber of Commerce told econ LES that he was optimistic about Lebanon after the election. He predicted cabinet selection would be "smooth."
SISON